



May 14, 2009

Gerri Silva
Director, Environmental Management
El Dorado County
2850 Fairlane Ct., Building C
Placerville CA 95667

Re: Franchise Renewal Option – South Tahoe Refuse Co.

Dear Gerri,

Pursuant to the provisions of the current franchise agreement between South Tahoe Refuse Co. and El Dorado County, that agreement will be extended for a period of five (5) years upon written notice by South Tahoe Refuse Co.

Please consider this letter as our written notification to extend the current franchise agreement for our South Tahoe Refuse Co. area through the year 2014.

South Tahoe Refuse Co. is proud to provide an excellent level of services to our customers and looks forward to working with El Dorado County on mutually beneficial goals and programs in the future.

Please initiate any action required to accomplish this franchise extension and notify me at your earliest convenience if there is anything further you need from us. You can reach me at my direct line 530.542.8300.

Truly yours,

A handwritten signature in black ink, appearing to read "Jeffery R. Tillman", is written over a horizontal line.

Jeffery R. Tillman
President

COLLECTION FRANCHISE AGREEMENT BETWEEN EL DORADO COUNTY
AND
SOUTH TAHOE REFUSE COMPANY, INC.

payment plus default interest thereon, to deposit with Grantor a cash bond or a letter of credit for the benefit of Grantor in the sum of Fifty Thousand Dollars (\$50,000.00) in an interest-bearing account. The amount of the cash bond or letter of credit shall be increased to Seventy-Five Thousand Dollars (\$75,000.00) effective January 1, 2003. The cash bond or letter of credit shall be on terms acceptable to Grantor's counsel. The cash bond or letter of credit shall serve as security for the faithful performance by Grantee of all the provisions and obligations of this Franchise Agreement. All interest shall be paid to the Grantee.

(1) After thirty (30) days following Grantee's failure to pay the Grantor an amount owing under this Franchise Agreement plus interest at the rate of fifteen percent (15%) per annum, the cash bond or letter of credit may be assessed by the Grantor upon five (5) days' prior written notice to the Grantee for purposes including, but not limited to:

(a) Failure of Grantee to pay the Grantor sums due under the terms of the Franchise Agreement;

(b) Reimbursement of costs borne by the Grantor to correct Franchise Agreement violations not corrected by Grantee, after due notice; and

(c) Monetary remedies or damages assessed against Grantee due to breach of Franchise Agreement.

(2) The Grantee shall deposit a sum of money sufficient to restore the cash bond to the original amount within thirty (30) days after notice from the Grantor that any amount has been withdrawn from the cash bond.

B. Insurance Coverage. Contemporaneously with the execution of this Franchise Agreement, the Grantee shall deposit copies of insurance policies or endorsements evidencing the existence of policies of insurance required pursuant to this Franchise Agreement.

SECTION 9 - TERM

A. Initial Term. The term of this Franchise Agreement shall commence immediately upon execution and terminate on December 31, 2004; provided, however, that this Franchise Agreement is subject to the condition subsequent that the Contractor under the Materials Recovery Facility Construction and Operation Agreement (which is Grantee or an affiliate of Grantee) shall at all times have exercised all reasonable due diligence and best efforts in attempting to permit, construct and commence commercial operation of the Materials Recovery Facility, and the

Materials Recovery Facility shall have commenced operations no later than January 1, 1996, unless the South Tahoe Basin Waste Management Authority shall have extended said deadline in advance in writing. Should said Contractor fail to do so, then at Grantor's election, this Franchise Agreement shall terminate, and Grantee shall be subject to the terms and conditions of the Franchise Agreement in effect immediately prior to the execution hereof.

B. Renewal Options. Grantor hereby grants to Grantee two options to renew this Franchise Agreement which shall be for terms of five (5) years each, commencing, respectively, on January 1, 2005 and terminating December 31, 2009; and commencing January 1, 2010 and terminating on December 31, 2014. Notice of the exercise of said options shall be given to the Grantor in writing no earlier than eight (8) months before the commencement of each such renewal period and no later than five (5) months before the commencement of said renewal period; provided, however, that Grantor shall notify Grantee if Grantor does not receive the required notice from Grantee within said time frame, and Grantee shall have fourteen (14) days from Grantee's receipt of the Grantor's notice in which to cure the failure to give Grantee's notice of renewal of the Franchise by serving the Grantor with written notice of Grantee's request to exercise the renewal option. If, within fourteen (14) days after receipt of the notice from the Grantor, Grantee fails to deliver to the Grantor written notice exercising its renewal option, then Grantee will be conclusively presumed to have waived its right to renew the term for the option period and this Agreement shall terminate at midnight on the last day of the term hereof. Said renewal options may be exercised only if the Grantee is in compliance with the terms and conditions of this Franchise Agreement and is also in compliance with the terms and conditions of the Materials Recovery Facility Construction and Operation Agreement executed contemporaneously herewith, both at the time the option is exercised and on the day that the renewal term is to commence.

SECTION 10 - FRANCHISE TRANSFERABLE; GRANTOR'S CONSENT REQUIRED

A. No Assignment Without Consent. The franchise granted by this Franchise Agreement shall not be transferred, sold, hypothecated, sublet or assigned, nor shall any of the rights or privileges herein be hypothecated, leased, assigned, sold or transferred, either in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest or property therein, pass to or vest in any person, except the Grantee, by act of the Grantee, without the prior written consent of the Grantor expressed by resolution. Any attempt by Grantee to assign this franchise without the consent of Grantor shall be void.